

EXHIBIT 1

LAWYERS
RYLEY CARLOCK & APPLEWHITE

A PROFESSIONAL ASSOCIATION

101 NORTH FIRST AVENUE, SUITE 2700
PHOENIX, ARIZONA 85003-1973

DIRECT LINE: 602/440-4826
DIRECT E-MAIL: stiffany@ryleycarlock.com

TELEPHONE: 602/258-7701
FACSIMILE: 602/257-9582

August 27, 1999

Charles & Tracy Hill
P.O. Box 450 San Carlos
Sonora MEXICO 85506

Re: *In re Charles Thomas Brown d/b/a Tom Brown Preferred Trust Company;
Bankruptcy Case No. 97-14228*

Dear Charles & Tracy Hill:

This firm represents Maureen Gaughan, the duly appointed Chapter 7 Trustee in the involuntary bankruptcy case of Charles Thomas Brown d/b/a Tom Brown Preferred Trust Company, Inc.

Under the Bankruptcy Code, the Trustee has an obligation to recover payments by Mr. Brown to you or to others on your behalf. Based on the Trustee's information and records revealed to date, we are able to determine that you were paid: \$0 (90 days), \$0 (one year), \$25,129 (four years) and \$25,129 (eight years) before the filing of the bankruptcy petition. These amounts are only those presently known to us, and we reserve the right to adjust these amounts upon the discovery of additional information. If you have information or documentation relevant to these or other payments, we invite you to provide us copies of the same in order for the Trustee to further evaluate the evidence of payments by Mr. Brown to yourself.

Please consider this letter a formal request and demand that you contact us to discuss payment of amounts for which the Trustee's information indicates you are liable. Otherwise, we have been instructed to file a lawsuit against you to recover the amounts stated herein in addition to costs of litigation.

If you have any questions or concerns, please feel free to give me a call.

Sincerely,

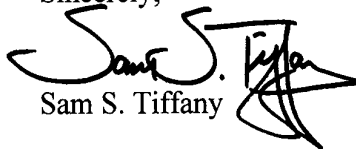

Sam S. Tiffany



EXHIBIT 2



September 12, 1999

Sam S. Tiffany, Attorney at Law
Ryley, Carlock & Applewhite
101 North First Avenue, Suite 2700
Phoenix, Arizona 85003-1973

Re: Bankruptcy Case No. 97-14228
Tom Brown/dba Preferred Trust

VIA: Regular-Mail

Dear Mr. Tiffany:

Responding to your August 27, 1999 "demand or I will sue" letter, that letter is particularly irritating in that Tom Brown has "bilked" us out of some \$100,000. We should be listed as creditors. We are owed money, and were victims in the criminal case. If you would take the time to ask for the records from the Attorney General's Office in Phoenix, you will find copies of all the amounts we invested with Tom Brown, including the amount of \$25,129, which we believe to be an invested amount, not, as you allege, an amount paid to us. Even if we were paid out this amount, which we deny, would that not have been a return of some of our invested capital, which we lost?

Your letter is not only demanding but also vague. Before threatening us further, please supply us with the following:

- 1) Copies of any documentation that you have upon which you base your demand that we owe \$25,129, what that alleged payment to us constituted and the date it was paid;
- 2) Upon what legal basis do you rely that we owe this amount to Tom Brown under this bankruptcy;
- 3) Supply us with the address of the Bankruptcy Court, Judge's name and the address for Maureen Gaughan, Trustee, so that future correspondence between us can be copied to these parties if your contacts continue with this same attitude.

Further, neither Charles nor Tracy Hill as individuals ever invested with Tom Brown. The investments were made through the Hill Family Trust, as a review of your records will clarify. Also I, the undersigned, Tracy Hill, am a California attorney. As you can understand, we are bitter about the large loss suffered by the Hill Family Trust because of the criminal actions of Tom Brown, and to be accused of owing more money is irritating to say the least

Sincerely,
Tracy O. Hill & Charles A. Hill

EXHIBIT 3

January 30, 2001

John F. Fries, Esq.
T. Brent Galligan, Esq.
Attorneys at Law
Riley, Carlock & Applewhite
101 North First Avenue, Suite 2700
Phoenix, Arizona 85003-1973

Re: Bankruptcy Case No. 97-14228
Tom Brown/dba Preferred Trust

VIA: Regular-Mail U.S.

Dear Mr. Fries:

After returning to Mexico after months abroad, I find in my mailbox in Mexico a Default Notice and an Affidavit in Support of Third Application for Entry of Default against the undersigned, an individual. I had contacted you over a year ago and informed you:

- 1) None of the Tom Brown notes were in the name of the undersigned as an individual. They were registered in the name of the Hill Family Trust, Charles A. Hill, Trustee.
- 2) No amounts of money was withdrawn within, not only a 90 day period of time prior to bankruptcy, but not even within 3 years prior to bankruptcy according to the records of the Hill Family Trust.
- 3) The amount of \$25,000 **was invested** by the Hill Family Trust within 90 days prior to the indictment of Tom Brown by the Attorney General's Office in Arizona, **not withdrawn**. This investment was made without knowledge of the pending indictment against Mr. Brown.

You were informed of this on or about September 12, 1999. Your law firm has failed to investigate your records or those of the Attorney General's Office of the State of Arizona. I ask you to reconsider your position against me as an individual before you force me to seek redress before the State Bar of Arizona or the United States Bankruptcy Court.

I thank you in advance for your immediate attention to this

Sincerely,

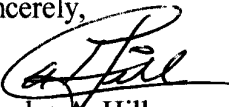

Charles A. Hill

EXHIBIT 4

LAWYERS
RYLEY CARLOCK & APPLEWHITE

A PROFESSIONAL ASSOCIATION

101 NORTH FIRST AVENUE, SUITE 2700
PHOENIX, ARIZONA 85003-1973

DIRECT LINE: 602/440-4834
E-MAIL: bgalligan@ryleycarlock.com

TELEPHONE: 602/258-7701
FACSIMILE: 602/257-9582

February 13, 2001

Mr. Charles Hill
Apdo 450 - San Carlos
Sonora 85506 Mexico

Re: Bankruptcy of Charles Thomas Brown (97-14228)

Dear Mr. Hill:

I am in receipt of your letter dated January 30, 2001, regarding the bankruptcy case of Charles Thomas Brown. I hope this letter will clarify the Trustee's position.

The Trustee's adversary claim against you (Case No. 99-746) was based upon an analysis of payments made by Charles Thomas Brown to you or your spouse, Tracy Hill. I have enclosed copies of the relevant checks for your review. As you can see, each check was made out to Tracey Hill or Charles Hill; no reference is made to the "Hill Family Trust." Furthermore, it appears that each check was endorsed by you without any reference to the "Hill Family Trust" or your alleged capacity as a Trustee for such an entity.

To date, you have not filed an answer to the Trustee's complaint or provided any evidence to support your contention that you did not receive the referenced payments. Consequently, the Trustee has had no other alternative but to pursue the legal remedies available to her, including the entry of a default judgment against you and collection of that judgment.

I hope this information has clarified the Trustee's position regarding this matter. Should you wish to pursue a settlement of the judgment against you or if you have any further questions that I may be able to answer for you, please do not hesitate to contact me at your convenience. Should you have any questions regarding your legal rights with respect to the judgment, I urge you to seek the counsel of your own attorney.

Sincerely,



Brent Galligan

BG:dr
Enclosure

360285.1

EXHIBIT 5

February 28, 2001

T. Brent Galligan, Esq.
Attorneys at Law
Riley, Carlock & Applewhite
101 North First Avenue, Suite 2700
Phoenix, Arizona 85003-1973

Re: Bankruptcy Case No. 97-14228
Tom Brown/dba Preferred Trust

Dear Mr. Galligan:

Thank you for your response dated February 13, 2001, which was received this date at our Mexico address. I, Tracy Hill, am a licensed attorney in the United States, although recently retired. I was reluctant to identify myself earlier because of this foolish investment. My husband has asked that I respond to your letter.

First, as you are aware, 11 USC Section 548 (Fraudulent Transfers & Obligations) states in pertinent part: "... trustee may avoid any transfer of an interest of the debtor in property or any obligation incurred by the debtor that was made or incurred on or within one year of the date of the filing of the Petition." If I am correct, the Petition was filed on October 17, 1997. The copies of the checks you sent in your letter of February 13, 2001, were dated: 12/1/94; 12/1/94; 6/1/94; 1/22/96 and 5/11/96. By my calculation those dates are more than one year from the date of filing of the above bankruptcy.

Second, you make no reference to the two checks written to Preferred Trust in approximately February and June of 1997 for the total amount of \$25,000. We were unaware of any indictment pending against Tom Brown or Preferred Trust at the time we made that investment.

I understand the Trustee has the power to recapture dividends improperly paid by an entity or moneys put in a Ponzi scheme and paid out improperly under Arizona's state law or federal securities law. However, this is not an unlimited power, and is subject to the above statute of limitations, if we were not insiders, which you can assume we were not, or we would not have stupidly invested an additional \$25,000 with Preferred Trust and Tom Brown some three months prior to his indictment and subsequent bankruptcy.

To readdress our claim that the notes were in the name of the Hill Family Trust. That is a correct statement. All of the "contracts" or notes we signed with Preferred Trust were between Preferred Trust and the Hill Family Trust. Tom Brown was not the most sophisticated businessman and we did not remember that he made out the checks individually until you sent copies. We treated those sums as Hill Family Trust money, not individual earnings.

As the Trustee has apparently already effectuated a judgment against my husband (paragraph 4 of your letter of February 13, 2001), would you please forward a copy of the Court order authorizing the Trustee's service of the complaint in a foreign country by mail, without a signed receipt required. 28 USC Rule 4(c) (2) (C) (ii). I do not believe we have received all of the complaints against us or him, perhaps the foreign postage was not properly placed or for whatever reason we, on occasion, fail to receive mail in this small Mexican town. I am confident that the Trustee or your law firm has made the appropriate affidavit to the Bankruptcy Court regarding jurisdiction and service and that you have complied with the spirit of Rule 4 and the case law, including Zurinc v. United States, 189 F2d 722 (8th Cir.1955 and similar case law.

Further, no amount of judgment is stated in your affidavit for default. It is our position that:

1. \$25,129 was received by the Hill Family Trust and deposited to the Hill Family Trust more than one year prior to filing of bankruptcy;
2. \$15,000 was invested by the Hill Family Trust on 6/20/97 (2 months prior to the filing of bankruptcy and \$10,000 invested on 2/26/97, at which time Tom Brown had already been indicted without our knowledge. That \$25,000 that we invested immediately prior to indictment and bankruptcy should be credited to us against any prior moneys received from Tom Brown, even though they were received past the one-year statutory time.

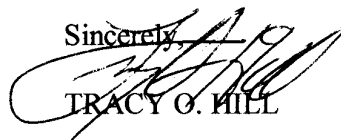
In closing, it seems to me that the Trustee is using her equitable powers under Section 105 of the Bankruptcy Code improperly in attempting to fashion a "pool" type remedy, which is that everyone who has put in money must return it, so that all share equally in the pool. Commendable, perhaps, but this power under Section 105 is not unlimited and must yield to other specific provision of the Bankruptcy Code covering this matter.

Our situation is unique. (1) I do believe we would prevail that the Hill Family Trust is the appropriate defendant, not the individuals. (2) The jurisdiction is questionable unless the Court did authorize foreign service by mail without a receipt required (a copy of which I trust, you will provide me; (3) 11 USC Section 548, Chapter 5, which precludes moneys received outside the one year period; (4) \$25,000 was invested immediately prior to indictment and bankruptcy which should offset any moneys received even though they were after the one year period.

I would hope your law firm will examine our particular case and not force me to your State, expend all my legal remedies and efforts, to resolve what I feel, are errors in law, perhaps due to the extensive defendant list in this case.

I thank you in advance for any cooperation you can give us in this regard.

Sincerely,



TRACY O. HILL

EXHIBIT 6

SERVICIO POSTAL ESPECIAL
DE SPAGNO Y RECIBO
MAR. 2 2001
ADMINISTRACION POSTAL
SAN CARLOS SONORA



LAW OFFICES
RILEY, CARLOCK & APPLEWHITE
A PROFESSIONAL ASSOCIATION
SUITE 2700
101 NORTH FIRST AVENUE
PHOENIX, ARIZONA 85003-1973

TO: Charles A. Hill
P.O. Box 450
San Carlos, Sonora
Mexico 85506

Handwritten signature

FIRST CLASS MAIL